



LA POSTE 2020  
**CONQUERING  
THE FUTURE**

**Roadshow Asia**  
**- Investor presentation -**

November 2016



LE GROUPE LA POSTE

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# Agenda



- ▶ **Group presentation**
- ▶ **Business review**
- ▶ **Financial information**
- ▶ **Credit profile**



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**Group presentation**



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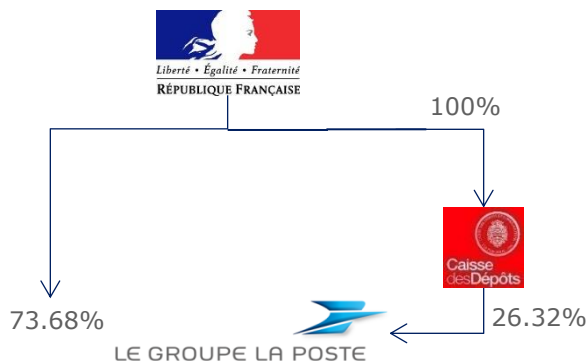
# 100% state-owned company









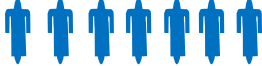
## Supportive, stable and long-term shareholders

Article 1 of Act 2010-123 of 9 February 2010

The **share capital** shall be held by the **State** & by other **public sector legal entities**<sup>1</sup>



## State representation in the Board of Directors

-  Chairman & CEO
-  The French government
-  State representatives
-  CDC representatives
-  Users representative
-  Municipalities representative
-  Employee representatives

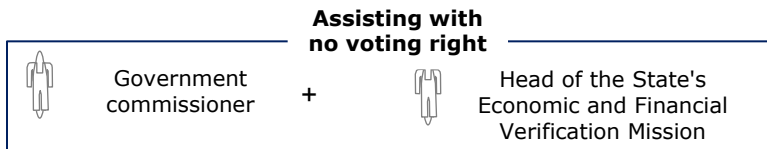
Nominated by decree

Nomination proposed by Government and/or CDC

Nominated by decree

Elected by employees

Active participation of shareholders and public entities in Group strategy and business plans



1) Except for the portion that may be held under employee shareholding arrangements

# Key role of La Poste in France: 4 public service missions



*EU Directive*

## Universal Postal Service

Mail collection and delivery to all points in the territory at affordable prices and at a determined quality 6 days a week

*La Poste designated Universal Postal Service provider*



### Additional missions entrusted by the French State

#### Regional planning and development

- > 17,000 contact points by law
- Presence in priority areas (rural, underprivileged, mountain areas)

#### Press transport and delivery

- Distribution of press and periodicals:
- 6 days a week
  - all over the territory
  - at affordable prices (regulated)

#### Banking accessibility

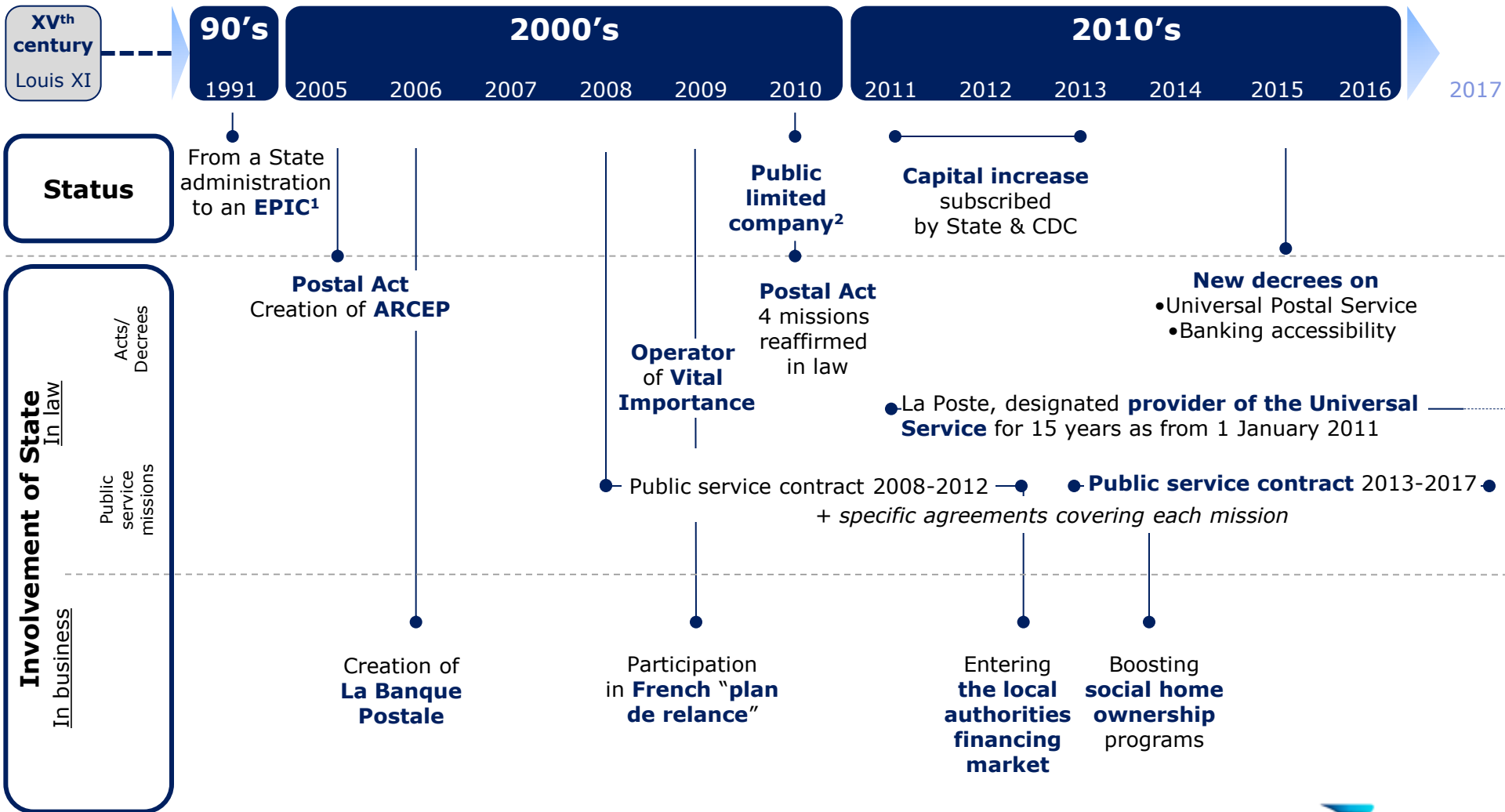
La Banque Postale is required:

- to open a Livret A savings account to any individual
- to operate free of charge cash withdrawals or deposits from €1.50

### **Public service contract 2013-2017 and specific agreements between the French State and La Poste**

- Partial compensation schemes for regional planning, press and banking accessibility
- EU compatible

# Very strong historical link with the State



1) EPIC: public industrial and commercial establishment  
 2) French legal status of public limited company, i.e. "Société Anonyme"

# Major multi-business services Group...



**€23.045bn**

Revenue 2015



**€875m**

EBIT 2015

Revenue 2015

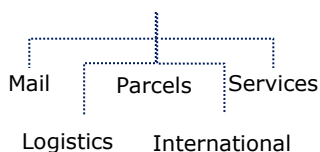
Divisions

Market

## Services-Mail-Parcels

**€11.5bn**

48.6% of Group revenue

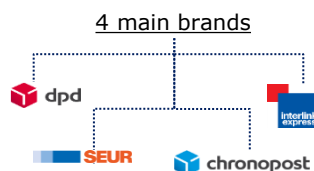


Mail and Parcel market, mainly in France

## GeoPost

**€5.7bn**

24.3% of Group revenue

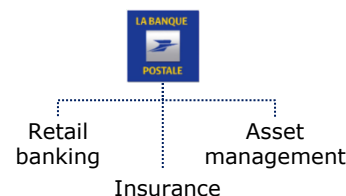


European CEP market

## La Banque Postale

**€5.7bn**

24.9% of Group revenue

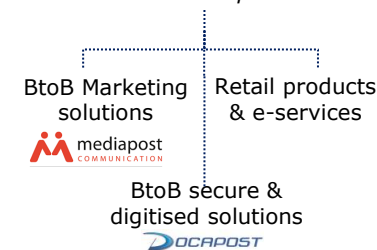


Retail banking in France

## Digital Services

**€0.6bn**

2.0% of Group revenue



Internet-based services

**La Poste Network** servicing all business units through 17,111 retail outlets (see appendix)

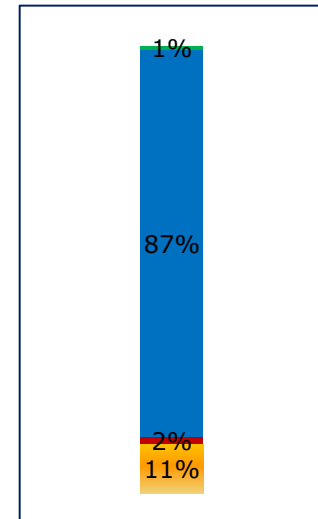
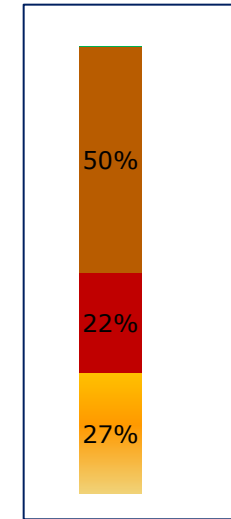
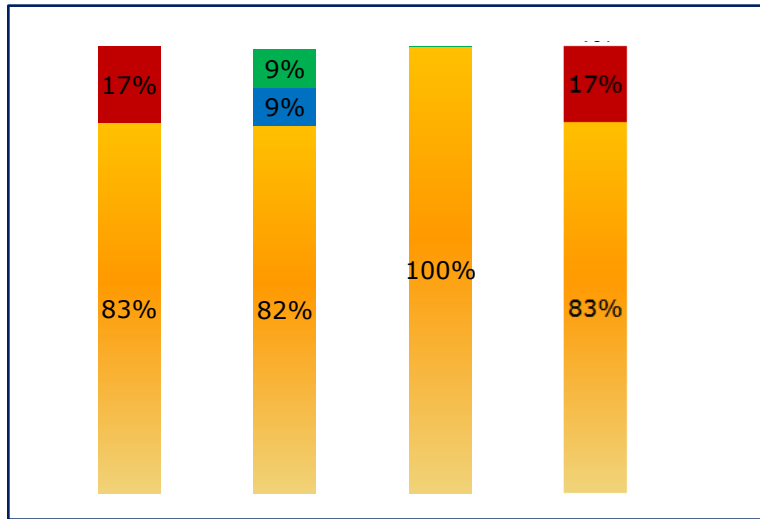
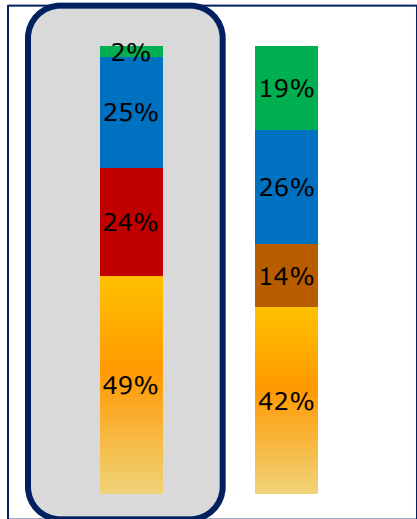
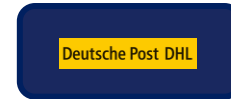


**A key employer**  
253,158 employees\*\*

**Strong international presence**  
20.8% revenue – ~23,500 employees\*\* abroad



# ... with a unique diversification profile



■ Mail & Postal parcels 
 ■ Express 
 ■ Logistics 
 ■ Financial services 
 ■ Other services

## Revenue 2015 / % international

|       |      |       |      |      |      |       |       |
|-------|------|-------|------|------|------|-------|-------|
| €23bn | €8bn | €13bn | €2bn | €4bn | €2bn | €59bn | €31bn |
| 21%   | 14%  | 17%   | 16%  | 27%  | 17%  | 70%   | NS    |

## Number of outlets/ outsourcing rate<sup>1</sup>

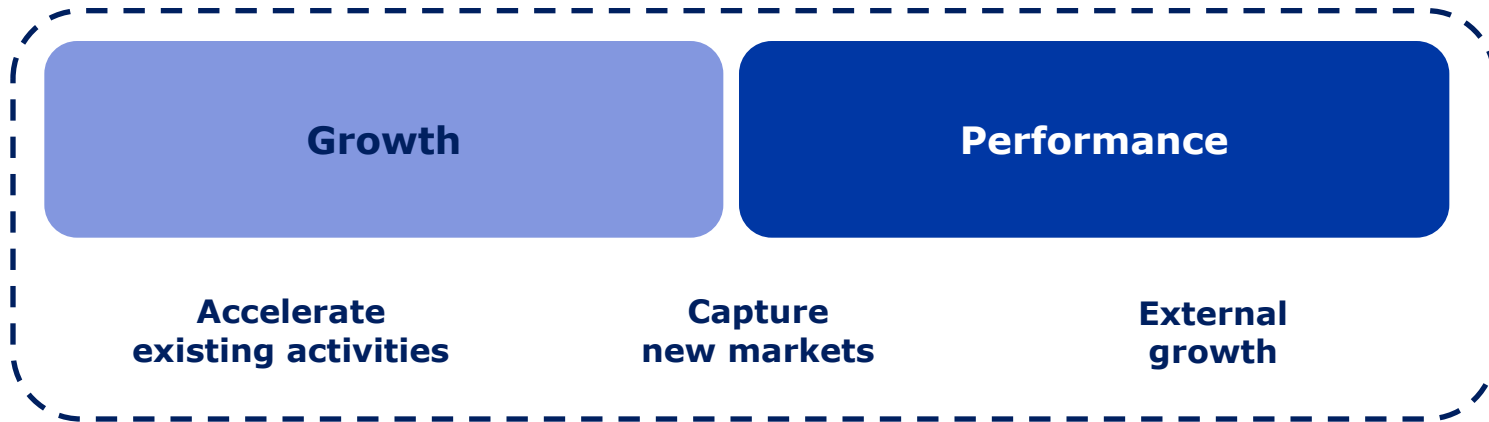
|        |        |                       |        |       |       |         |         |
|--------|--------|-----------------------|--------|-------|-------|---------|---------|
| 17,111 | ~2,200 | ~ 11,500 <sup>1</sup> | ~1,300 | 2,700 | 1,800 | ~24,000 | ~13,200 |
| 46%    | 33%    | 97%                   | 50%    | 100%  | 72%   | 100%    | 0%      |

1) Through partnership with Post Office Ltd  
 2) Revenue and geographic split based on 9M 2016 financial report, to reflect disposal of €0.4bn logistics subsidiary (trans-o-flex) in Germany early 2016 in business portfolio

# Strategic plan 2014-2020



## "La Poste 2020: Conquering the future"



**Mail prices**

**Public service**

**Social Pact**

**Ensure sustainable cash generation**





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**Business review**



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# Services-Mail-Parcels

## Unique door-to-door everyday services

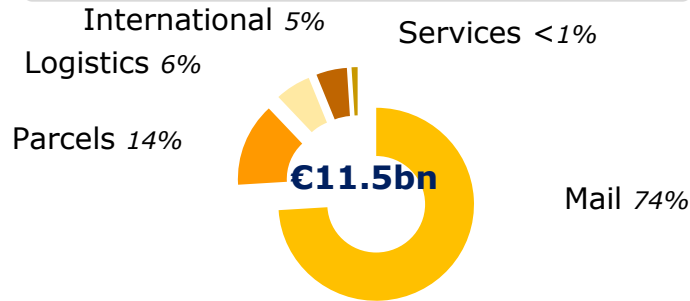


### Presentation of the business unit (2015 figures)

#### Employees

~142,000

#### Revenue



#### EBIT

€697m

#### Key metrics

##### Mail

**12bn** addressed mail  
**10bn** unaddressed

##### Parcels

~**270m** parcels

##### Logistics

**1.2bn** press copies shipped

##### International

Presence in **15** countries

#### Market positions<sup>1</sup>

**#1** addressed mail  
**#1** unaddressed mail

**#1** BtoC parcels

**#1** press delivery

**Top 2** Europe (through Asendia JV)

#### Key strengths

- ~**72,200** postmen, 100% connected with smartphones paying **daily visits** (6 days/7) to 26m households
- **Trust capital**
- **Parcel expertise** particularly during peak periods

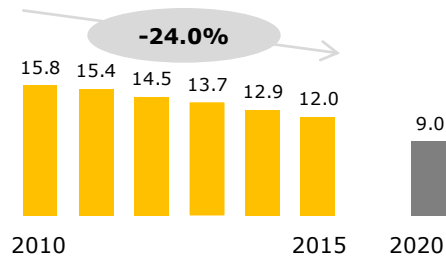
# Services-Mail-Parcels

## Firmly entering the local services market



### Market dynamics

#### Decline in addressed mail volumes - in bn items -

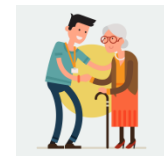


#### E-commerce growth driving parcels market

In €bn



#### Increasing need for in-home services



### Strategy

Development

- **Remain a key operator in the mail business** while activating **tariff lever**
- **Benefit from strongly growing e-commerce** parcels: extended delivery possibilities (evening) and sending options (from one's letterbox)
- Capture growth in **new segments**: local and in-home services, silver economy, recycling

Performance

- **Adapt** the number **of facilities** to mail volume decline
- Continuous rationalization of **logistic network**
- **Productivity**

# GeoPost

## European express leader with strongly differentiating assets

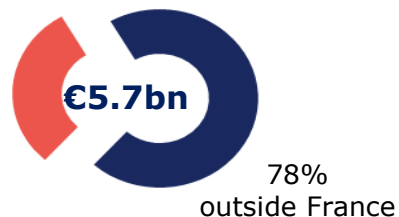


### Presentation of the business unit (2015 figures)

#### Employees

~28,000  
Inc. 22,000  
outside France

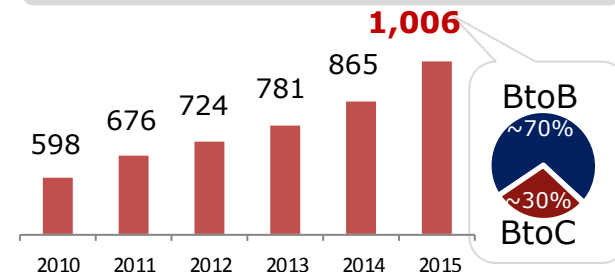
#### Revenue



#### EBIT

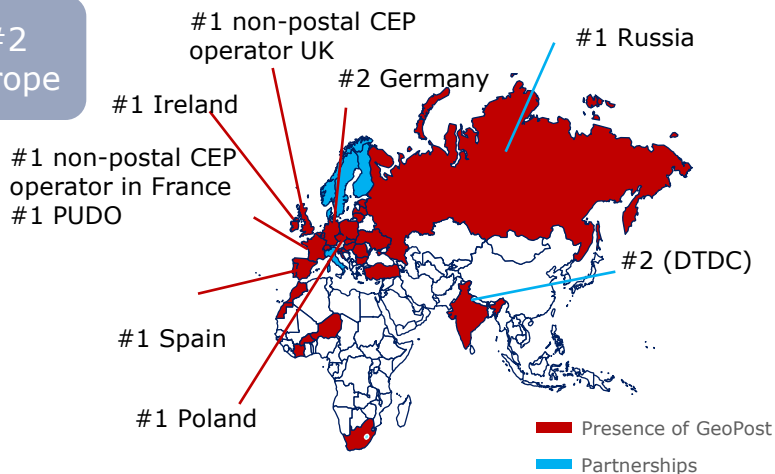
€367m\*

#### Parcel volume



#### Market positions\*\*

#2  
Europe



#### Key strengths

- **The most extensive interconnected road network in Europe** for deferred parcels <31.5kg
- A **hybrid network** that addresses BtoB as well as BtoC
- **Innovative last-mile solutions** (Pickup PUDOs / parcels lockers / Predict interactive delivery option)
- **Operational excellence**

# GeoPost

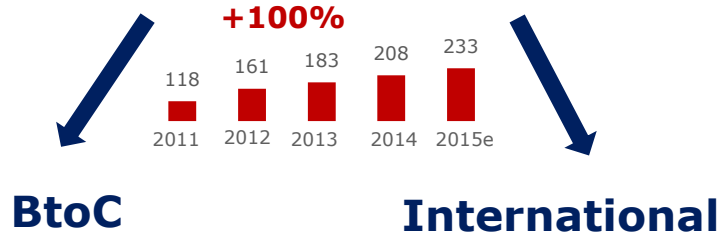
## Capturing e-commerce growth worldwide



### Market dynamics

#### E-commerce

E-commerce BtoC in Western Europe in €bn\*



#### Competition



### Strategy

Development

- **Capture BtoC growth:** keep innovating in premium delivery solutions (in-home, out-of home)
- **Expand in new markets:** fresh food delivery, same-day, medical temperature-controlled logistics
- **Selected acquisitions** in existing and new countries

Performance

- Maximize **first-time delivery** success rate
- Tight **control on cost** structure
- **Monitor profitability** of external growth operations

# La Banque Postale

## Resilient and stable retail banking activities

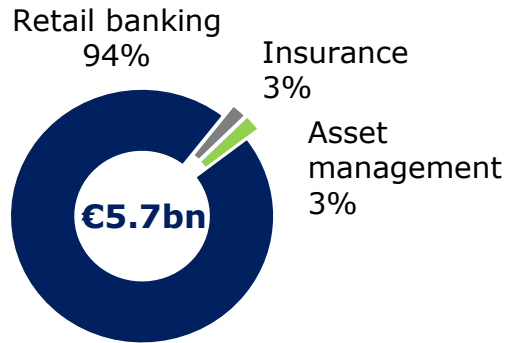


### Presentation of the business unit (2015 figures)

#### Employees

~4,000 direct  
& ~25,000 <sup>(1)</sup>  
through La Poste

#### NBI



#### EBIT

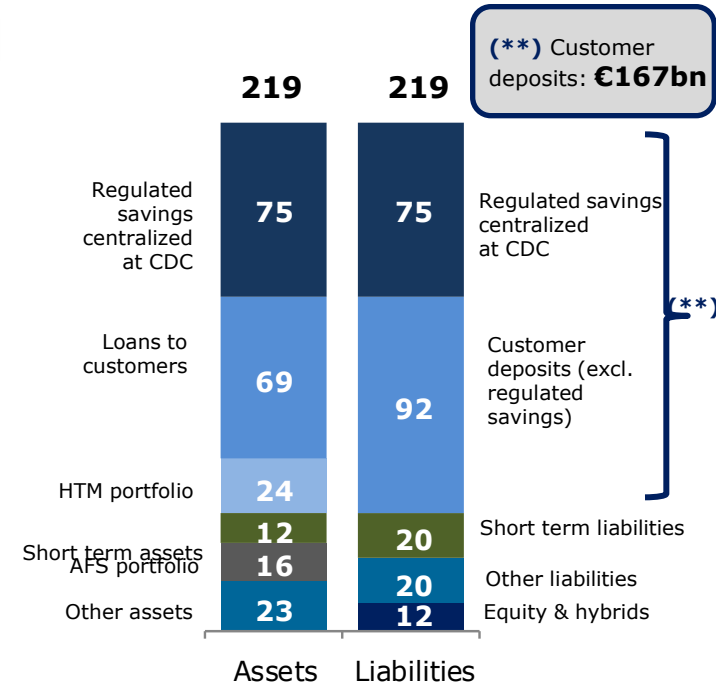
€851m

### Key strengths

- Large domestic franchise (10.8m active customers) with **low risk profile**
- **Significant market shares** e.g. on savings outstandings (23.7% on Livret A <sup>(2)</sup>) and home loans production (6.1%)
- #5 **asset management** player (€180bn AuM)<sup>3</sup>
- **Strong potential in customer equipment** due to progressive authorizations from the regulator:



### Balance sheet (€bn)



- Strong **liquidity position**: L/D ratio 75%, LCR 218%
- **Sound capitalization**: CET1 13.2%, Tier 1 14.7%, total capital 18.7%
- **Quality of assets** confirmed by the ECB's **AQR** (CET1 phased-in ratio of 7.625% by 1/1/2017)



# La Banque Postale

## Priority on business development



### Market dynamics

**Low rates**  
environment



**Prudential**  
regulation



New forms of  
**competition**



### Strategy

Development

- Accelerate business development in the **retail banking market** (young, high-net-worth clients)
- Become a bank for **professionals** (dedicated unit in place)
- Enhance the **corporate business** and become a leading reference bank in the **local public sector market**
- Develop the **asset management** and the **insurance** activities

Performance

- **Major transformation programs** (IT) underway
- Roll-out an intense **training program** (70,000 employees of LBP / La Poste Network by 2020)
- **Efficiency plan** in Financial centers

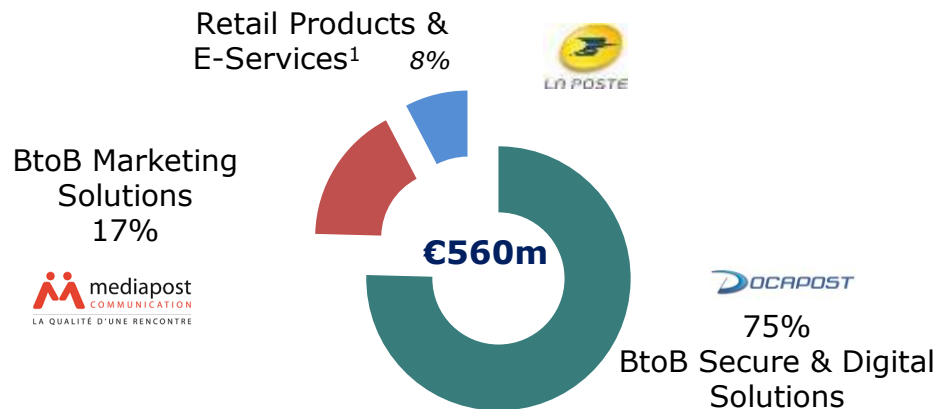
# Digital Services

## A dedicated business unit, lever for development & internal transformation



### Presentation of the business unit (2015 figures)

#### Revenue



#### Market positions

- **1<sup>st</sup>** e-Health Services Provider in France
- **1<sup>st</sup>** Data Base in France (36 million addresses)
- [www.laposte.fr](http://www.laposte.fr) is **#11** of the top 100 French e-commerce websites

#### Market dynamics

##### Digital

Development of hybrid / digital service offers

##### Cloud

Growth of online platforms

##### Big data

Value / Monetization of audience and customer data

##### IoT

Connected objects

#### Strategy

- Speed up the ongoing **digital transformation** of La Poste
- Win **high-value market segments** (e-health, e-administration, IoT)
- Roll-out **unique infrastructures** supporting all business units



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# Key financials H1 2016



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# Consolidated P&L – H1 2016 key financials



| In €m   | H1 2015 | H1 2016       | Δ in % |  |
|---|---------|---------------|--------|--|
| <b>Revenue</b>  | 11,459  | <b>11,770</b> | +2.7%  | +2.2% at constant change and scope               |
| <b>Operating profit</b><br>after share of net profit from companies under joint control | 616     | <b>852</b>    | +38.3% | +11.2% excluding one-offs <sup>1</sup>           |
| <i>Operating margin</i>   | 5.4%    | <b>7.2%</b>   | +1.9pt |  |
| <b>Financial result</b>   | -74     | <b>-92</b>    | -23.5% | -€19m mainly due to change in fair value of debt |
| Income tax  | -217    | <b>-148</b>   | +31.5% |  |
| Share in profits of equity associates   | 113     | <b>88</b>     | -22.3% |  |
| <b>Net profit Group share</b>   | 424     | <b>675</b>    | +59.4% | +28.5% excluding one-offs <sup>1</sup>           |

1) +€107m capital gain from the sale of La Banque Postale stake in Visa Europe and +€60 million securities revaluation after the acquisition by GeoPost of the remaining 50% share of Armadillo.  
 2) Average 4-year cost of debt (2016-2019) after active management

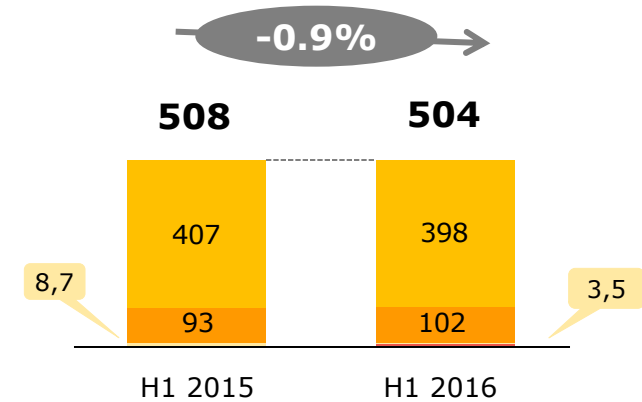
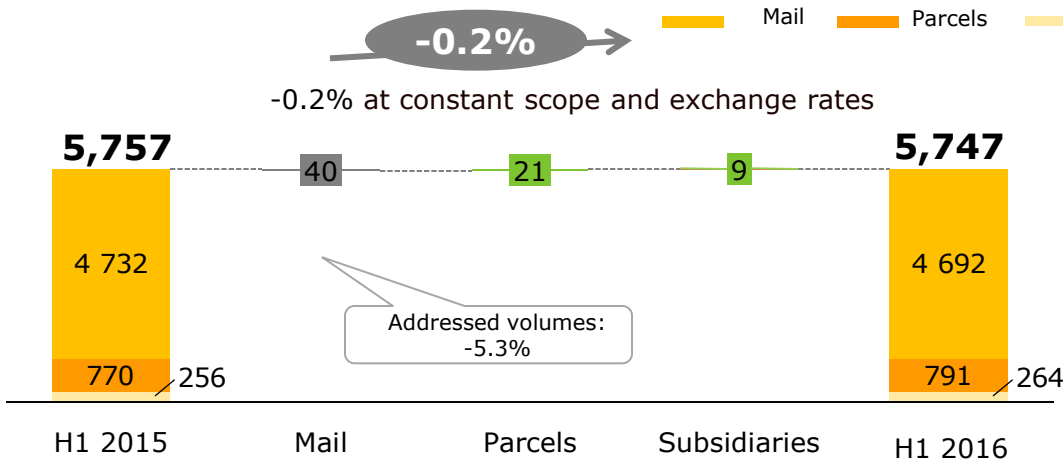
# H1 2016 key financials per business line



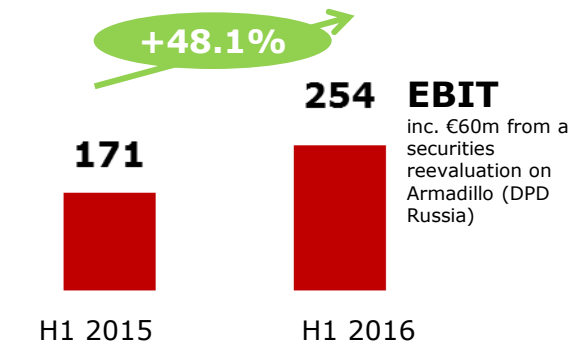
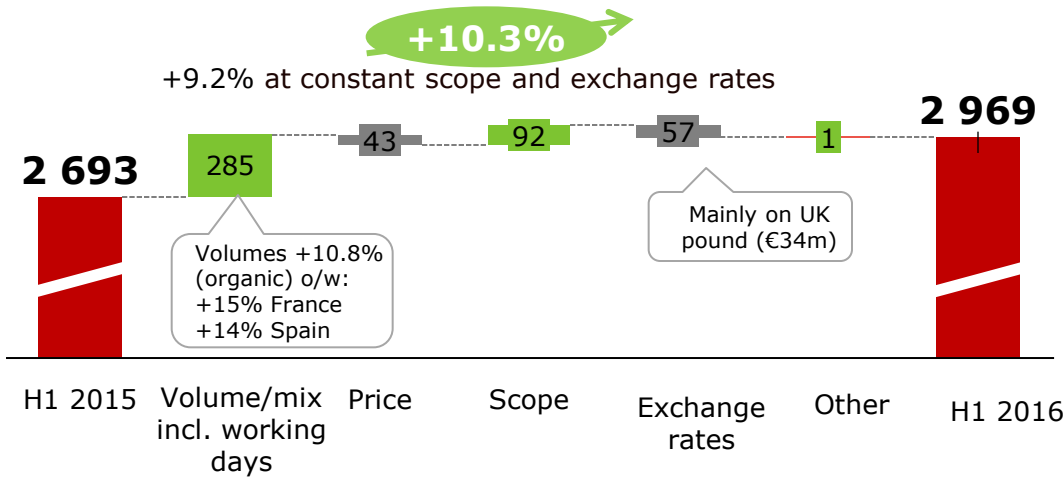
## Revenue (in €m)

## EBIT<sup>1</sup> (in €m)

Services-Mail-Parcels



GeoPost



1) After share of net profit/(loss) of companies under joint control

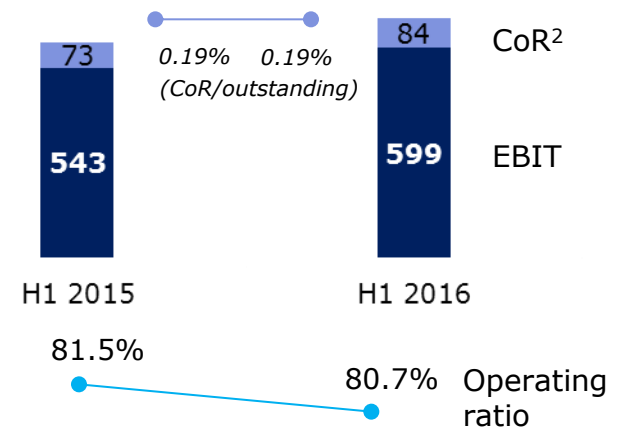
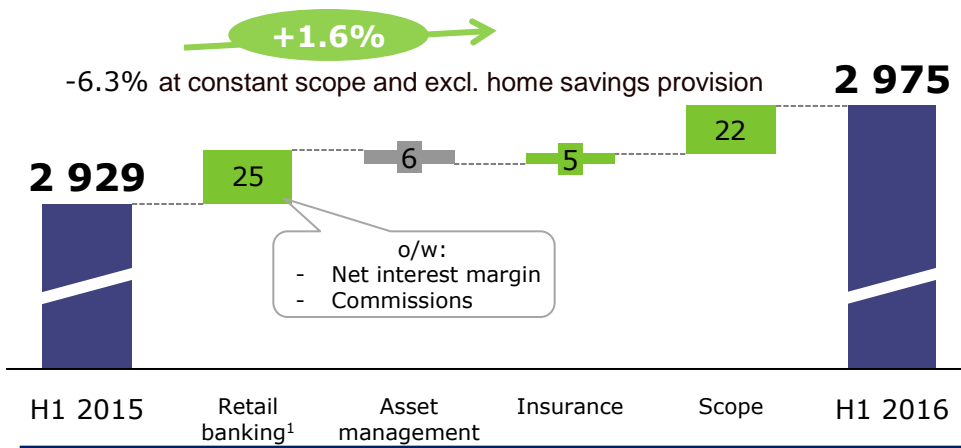
# H1 2016 key financials per business line



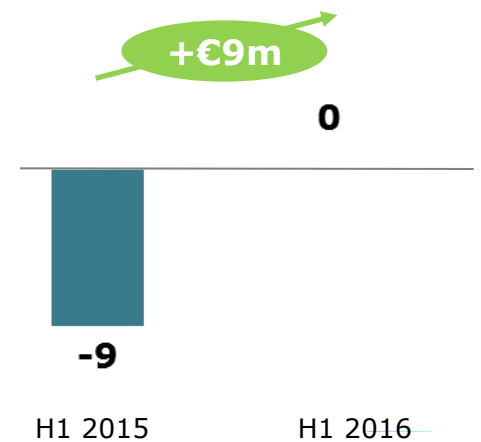
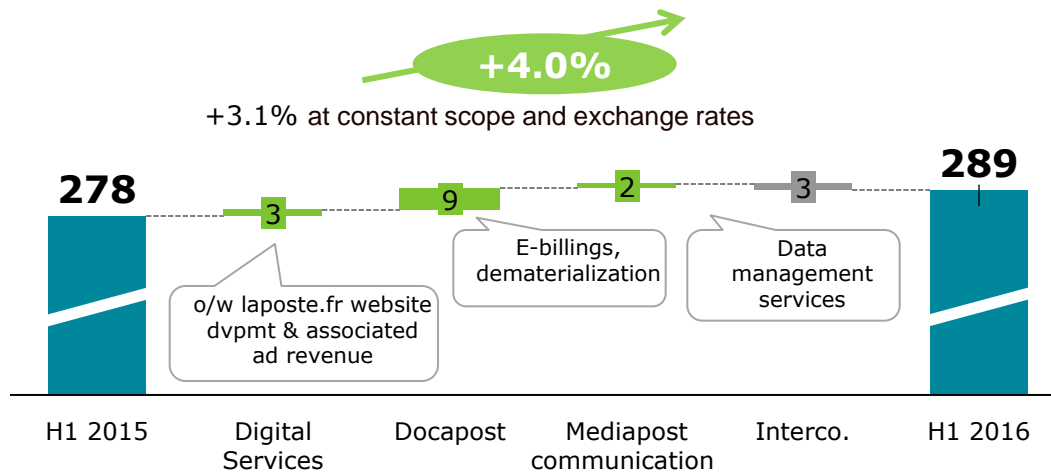
## Net banking income / Revenue (in €m)

## Profitability

La Banque Postale



Digital Services



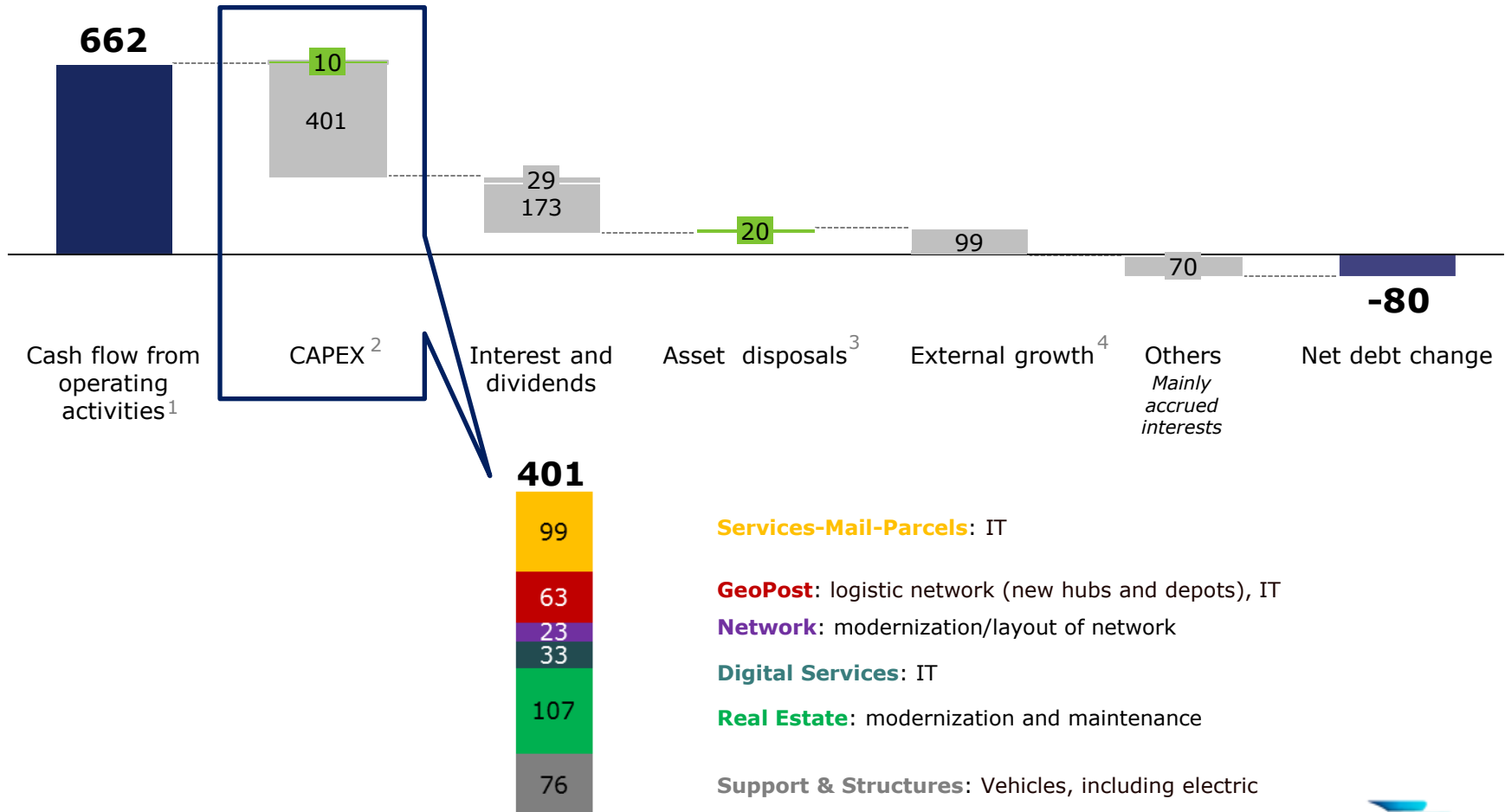
1) Including impact of change in home savings provision (€132m in 2014, €63m in 2015, €70m in H1 2015 and €212m in H1 2016)

2) CoR/outstanding relative to credit business (i.e. excl. Insurance and toll)

# Net debt change H1 2016



H1 2016 figures - In €m



(1) CFO excluding banking, including dividends from equity associates ;  
 (3) Excluding vehicle disposals;

(2) Gross Capex excl. Banking (€401m) net from vehicle disposals (€10m) ;  
 (4) Including acquisition of financial assets



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# Credit profile



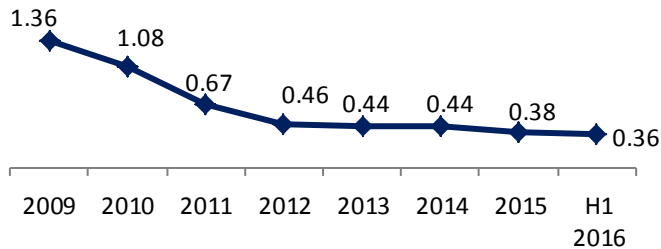
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# Balance sheet highlights



## Net debt<sup>1</sup> / Equity<sup>1,2</sup>



## Real estate

~€4bn in 2015

Largest item  
on the Group balance sheet

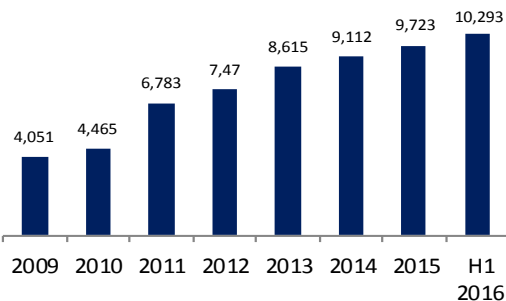
One of the largest  
real estate portfolio  
after the State

- 11,362 buildings / facilities
- 6.5 million m<sup>2</sup>, 57% directly owned

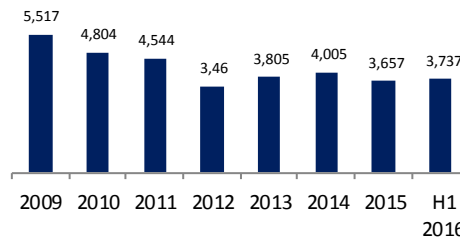
High-quality,  
highly diversified  
assets

From small post offices  
to very large facilities  
(from 9 to 39,000 m<sup>2</sup>)

### Equity<sup>1,2</sup> (in €m)



### Net debt<sup>1</sup> (in €m)



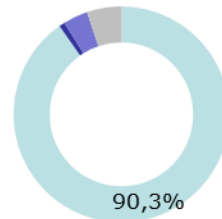
# A low risk capital structure given currency, maturity & interest profile



## Strong footprint on the bond market

## Strong ratings

**€6.774bn**  
gross debt at 30 June 2016



- Bonds (90.3%)
- Savings La Poste (0.9%)
- Short term commercial (papers 0%)
- Deposits and guarantees (3.7%)
- Other (5.2%)

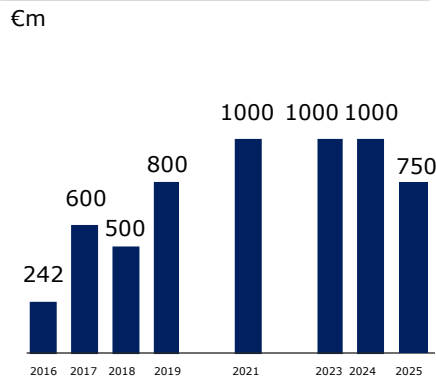
**STANDARD & POOR'S**

A / A-1 / Stable

**FitchRatings**

A+ / F1 / Stable

### Smooth redemption profile with no refinancing wall



### Mainly euro-denominated bonds

| Maturity                 | Issue date    | Amount (€m) |
|--------------------------|---------------|-------------|
| <b><u>Euro Bonds</u></b> |               |             |
| Jul. 2017                | Jul. 2002     | 600         |
| Jun. 2023                | Jun. 2003     | 1,000       |
| Jul. 2019                | Jul. 2004     | 800         |
| Nov. 2021                | Nov. 2006     | 1,000       |
| Feb. 2018                | Feb. 2008     | 500         |
| Nov. 2024                | Nov. 2012     | 1,000       |
| June 2025                | Jun/Sent 2015 | 750         |
| <b><u>GBP Bonds</u></b>  |               |             |
| Dec. 2016                | Dec. 2000     | 242         |

### 100% foreign currency hedge

Foreign currency-denominated debt issues are systematically hedged using currency swaps

### Predictability & stability of interest expense

**€5.892bn**  
nominal value of bond debt at 30 June 2016

Average maturity **5.32y**

Cost of debt<sup>1</sup> **2.66%**

% Fixed-rate **~80%**

1) 2016-2019 average cost of debt (as at 30/06/2016)

# Liquid, secure and diversified liquidity position

## Significant committed & undrawn resources



### Strong liquidity

**€3.037bn**

Cash & other asset items H1 2016



### Secure investment policy

- **Investment** in interest-bearing accounts, term deposits and  $\geq$  A2/P2 short-term debt securities
- Credit risk controlled by a **system of limits**, of which:
  - Maximum nominal amount not to exceed
  - Maximum loss limit

### Significant liquidity sources

#### Long-term

Syndicated loan €650m + bilateral line with BNPP €75m

**€725m**



2018

Undrawn

Bilateral line with LBP

**€200m**



2019

#### Short-term

Overdraft facility with LBP

**€300m**

Renewed tacitly annually

French commercial paper

**€1.5bn**

Undrawn

European commercial paper

**€500m**

Undrawn

# Le Groupe La Poste's fundamental strengths



**Stable** long-standing **shareholding** structure  
(by law), **critical role for the French State**

**In-depth transformation** of  
the Group underway

**Low business risk profile**  
thanks to an unprecedented  
**diversification** model and a  
**balanced** activities portfolio

**Strong credit profile**

**Major market-leading**  
businesses with **unique**  
**assets and positions**

**Solid balance sheet** along  
with active debt management:  
**reduced debt leverage**





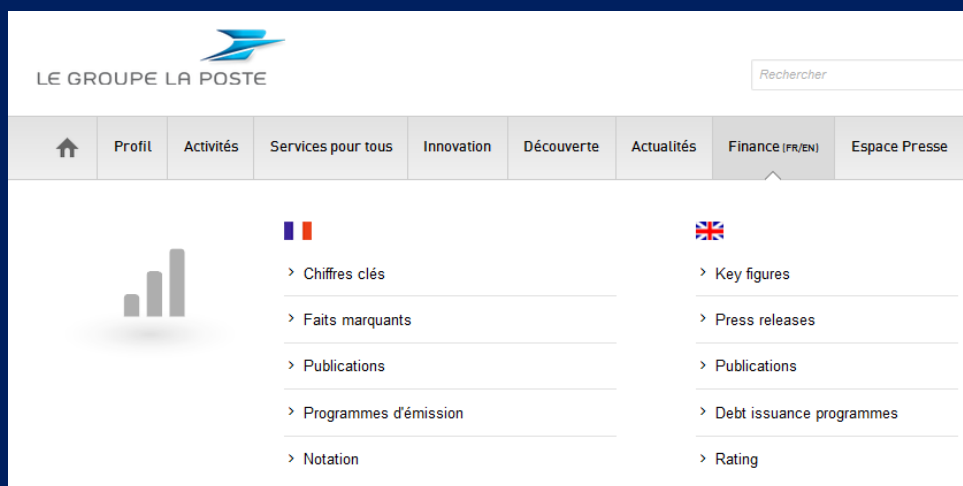
LA POSTE 2020  
**CONQUERING  
THE FUTURE**

**Contact details**



LE GROUPE LA POSTE

# Financial information available on <http://legroupe.laposte.fr/en/Finance>



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LA POSTE 2020  
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**Appendices**



LE GROUPE LA POSTE

# La Poste Network

## Supporting commercial development



### Presentation of the business unit (2015 figures)

#### Characteristics

##### Exceptional capillarity

17,111 retail outlets  
in France o.w.  
46% partnerships

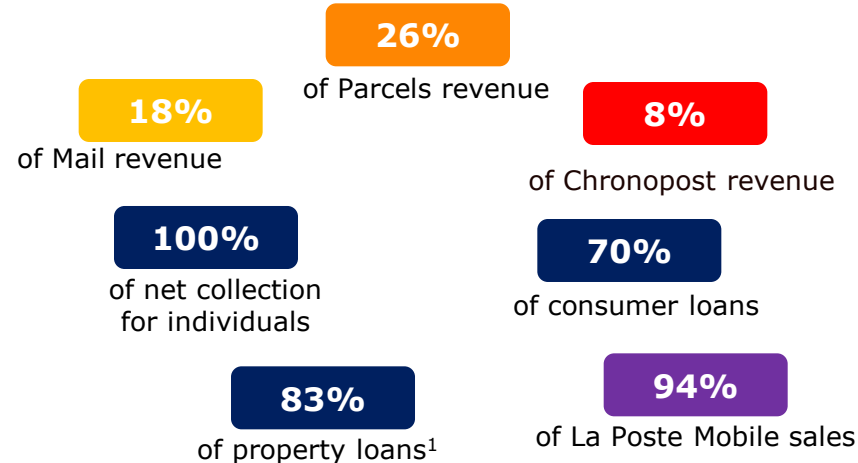


**96.7% of French population  
at less than 5km of an  
outlet**

**85% of French people  
go to the post office**

**~56,000 employees**

#### Commercial activity of La Poste Network



#### Strategy

- Roll-out of **new formats** of postal presence in addition to existing partnerships
- Strong **banking orientation**
- **New digital services**



#### La Poste Mobile\* (launched in 2011)

**1.24 million clients**  
+8% vs 2014

**A successful offer**

- Value-added offers
- Renewed packages

**€202m**  
in revenue  
+10.9% vs 2014

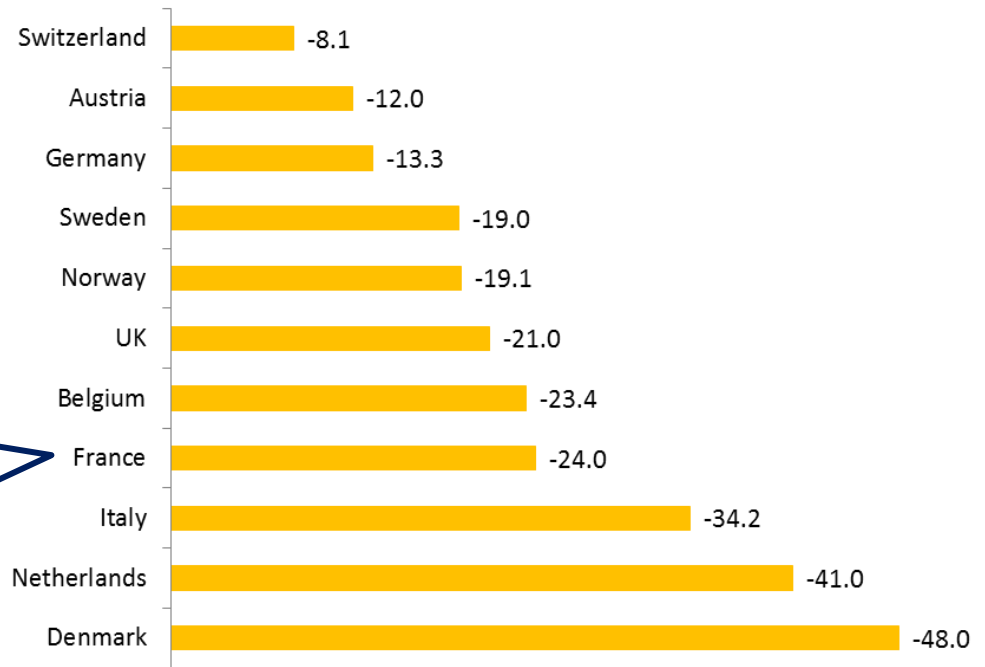
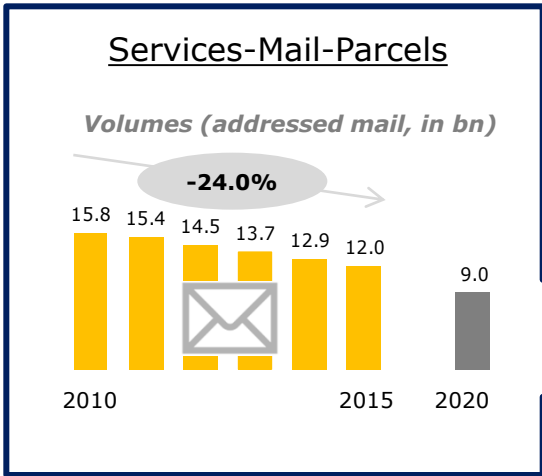


# Services-Mail-Parcels

## Focus on mail volumes



### 2010-2015 digitization impact on European postal operators<sup>1</sup> (in %)

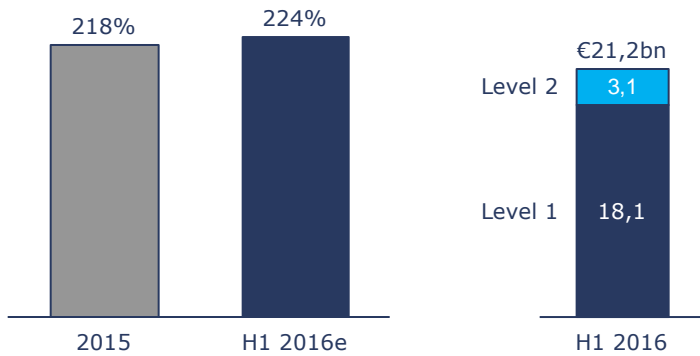


# La Banque Postale Solvency and liquidity

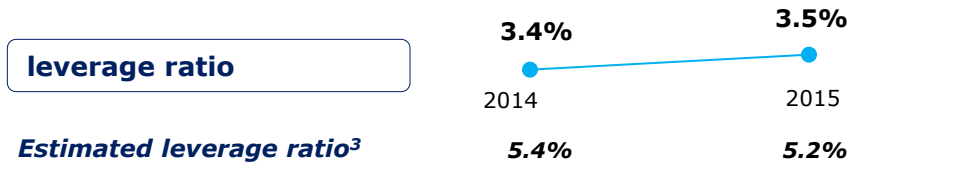
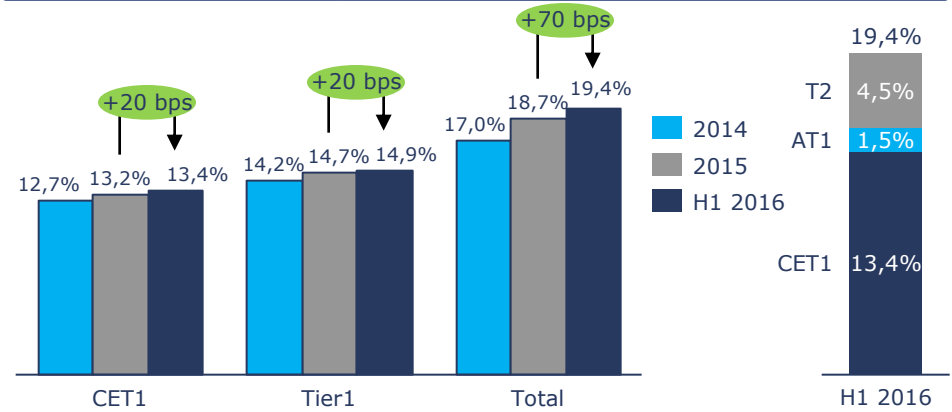


## LCR and liquidity

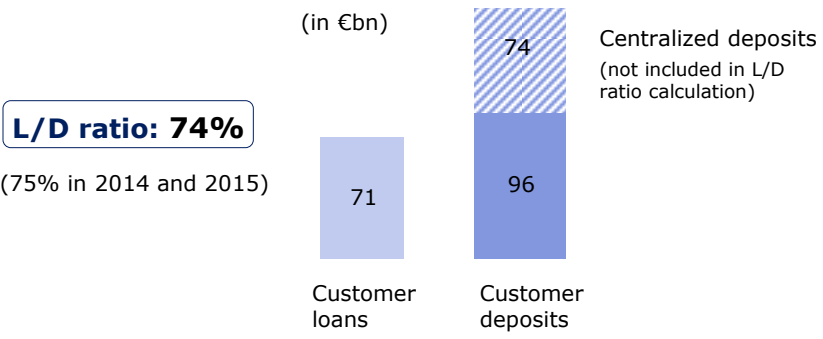
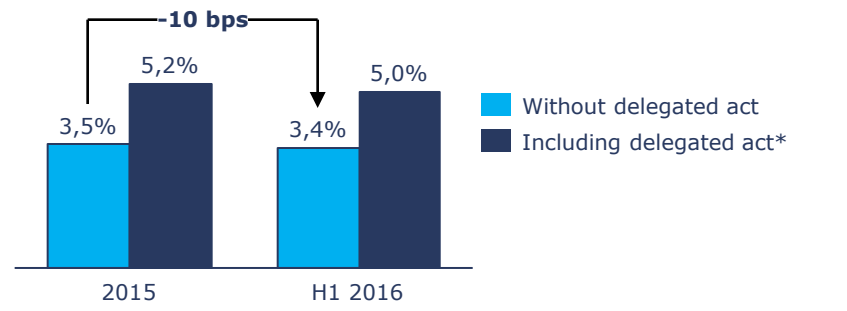
- LCR: 224% at H1 2016
- A strong liquidity buffer with 85% of level 1 assets



## Solvency: sound capitalization



## Leverage ratio



1) Estimated ratio, which takes into account the delegated act published by the European Commission on 10 October 2014 regarding centralized savings at CDC, subject to the European Central Bank's authorization.

# Anchored CSR policy and strong objectives



## CSR commitments to 2020 anchored in Group strategy

### Responsibility towards environment

#### Cut greenhouse emissions by -15 % over 2013-2020 (already -8% by end 2015)

- Own #1 fleet of electric vehicles worldwide ↗
- Be 100% supplied with renewable electricity by 2020 ✓
- Provide an environment-friendly transport mode to the 15 major French cities by 2020 ↗

### Responsibility towards society

#### Develop services with a positive impact for society

- Achieve targets set in business contract with State on the 4 public service missions ✓
  - Support public action and be the privileged partner of local authorities ↗
  - Increase social and solidarity economy purchases ↗
- Develop a more responsible local economy*

### Responsibility towards clients

#### Develop responsible offerings with added value for customers

- Expand responsible offerings ↗
- Continue to fund its carbon offset programme ✓
- Offer reliable, qualitative and innovative services ↗

### Responsibility towards employees

#### Ensure safety and responsible change management for the benefit of employees

- Focus on professional evolution and training ↗
- Continuous attention to health and quality of life at work ↗

# Non-financial rating performance



## Rating agency

## Group ranking

## Rating and comments



**#2**

overall rank in transport  
& logistics sector: #2/29

- 59 / 100 Overall score in 2015 (+12 vs. 2013)
- 76 / 100 Environmental performance (+26 vs. 2013)

investors



**In the top 10 %** of the  
industry (5% C+ and 5% C)

*Rating review expected in 2016*

- C Overall score in 2014 (vs. C in 2011)
- C- Environmental performance (vs C+ in 2011)

LBP **#1** French  
and **#2** international bank

BtoB & Consumers



**In the top 6%**  
of the industry

- C for performance (ratings B to C represent only 6% of the industry group – no A rating)
- 97 for transparency (+16 vs. 2013)



**Gold level**

DPD Group rated Silver  
(top 13%)

- 70 Overall score (+3 vs. 2014)
- 80 Environmental performance (+10 vs. 2014)